**Energy Project Reserve Fund**

**Purpose:** This fund is established to provide sustainable funding for the City of South Burlington to make investments that will reduce the city’s energy-related expenses and emissions to further the city’s climate goals and financial well-being.

**Definition: “**A Green Revolving Fund is an internal fund that provides financing to parties within an organization to implement energy efficiency, renewable energy, and other sustainability projects that generate cost savings. These savings are tracked and used to replenish the fund for the next round of green investments…” (Green Revolving Funds, July 2013, pg. 4)

**Creation:** The fund will be established on July 1. 2019, with initiation of the FY2020 budget. The initial balance of the fund will be equal to the balance of the existing energy efficiency fund containing the landfill solar credits.

**Income:**

* Credits from the Solar Reserve Fund
  + Estimated to be $75,000 per year.
  + Funds will be added on a monthly basis when the City receives the funds.
* The Stewardship Fund is a budgeted item that funds the Energy Project Manager, along with other facility-related projects. Any balance in the energy portion of the Stewardship Fund at the end of a fiscal year will be transferred to the Energy Project Reserve Fund.
* Grants obtained by the City for energy reduction facility projects.
* Portion of savings from completed energy projects.
  + Estimated annual savings (i.e., energy cost savings, material cost savings, internal labor savings, and external labor savings) will be identified by project and account, and they will be added to the EPRF quarterly—starting after project implementation.
    - 80% of the estimated energy cost savings, material cost savings, and external labor savings will be added to the EPRF until 125% of the project cost net of incentives has been added.
    - Internal labor savings will not be added to the EPRF.

**Expenses:** Funds will only be used for the following purposes:

* Implementation or analysis of projects that will reduce municipal energy consumption, reduce municipal energy-related emissions, or increase municipal renewable energy generation.
* Necessary energy/financial tracking tools.

**Tracking:** City staff will inform the energy committee of the status of all planned, in-process, and completed projects, and of the following information on a quarterly basis or more often, for as long as project benefits continue.

* For each project
  + Total estimated cost for planned and in-process projects
  + Total actual cost for implemented projects
  + Funding sources and dollar amounts for each source, including incentives
  + Predicted annual energy and dollar savings
    - Energy savings (kilowatt-hours for electricity, CCF for natural gas, gallons for oil, gasoline, and diesel)
    - Energy savings multiplied by current unit energy cost (dollars)
    - Material cost savings
    - Internal labor savings (hours)
    - External labor savings (hours and dollars)
  + Estimated project lifetime
  + Financial analysis
    - Simple payback period
    - Savings to investment ratio
    - Net Present Value (we need to specify a discount rate)
  + Where feasible, actual energy, material and labor savings compared to the estimates
* For all projects in total
  + Total cumulative municipal energy projects actual expenses
  + Total cumulative estimate municipal energy savings
  + Total cumulative estimated municipal dollar savings
  + Total annual estimated municipal energy savings
  + Total annual estimated municipal dollar savings
  + Overall payback period (Total cumulative municipal energy projects actual expenses divided by Total annual estimated municipal dollar savings)
* Fund financials
  + Current EPRF balance
  + All income amounts by source
  + All expense amounts by project
  + Total funds borrowed to date using solar reserve fund income, and balance remaining from the City’s $750,000 commitment
  + Non-EPRF funds (amounts, sources, projects) spent on municipal energy efficiency

**Projects:** Energy-saving projects will be identified, chosen, and implemented by city staff, with the energy committee being closely consulted for project identification, prioritization and selection, implementation, and tracking.

**Revisions:** Revisions to this document or the function of the EPRF will be performed only by the city manager or designee working in collaboration with the energy committee.